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**UNITED STATES AND THE STATE OF ILLINOIS INTERVENE IN CIVIL HEALTH CARE FRAUD INVOLVING MAXWELL MANOR NURSING HOME**

CHICAGO — The management agents of Maxwell Manor Nursing Home entered into a civil settlement with the United States for \$1 million and the State of Illinois for \$610,000 to be paid to the Medicaid program. Maxwell Manor, located 4537 South Drexel Avenue, Chicago, Illinois, was permanently closed in June 2000, after inspectors for the Centers for Medicare and Medicaid (“CMS”) discovered unsafe, unsanitary and hazardous conditions at the facility.

The inspection was a result of a *qui tam* civil action brought under the False Claims Act, *United States and the State of Illinois ex rel. Joyce Toomey and Larry Austin v. Maxwell Manor Nursing Facility*, No. 00 C 1102 (N.D. Ill.). In the case, relators Toomey and Austin, former employees of Maxwell Manor, allege mistreatment and abuse of patients residing there. In June 2004, following an investigation by the Federal Bureau of Investigation and the Illinois State Police, the United States and the State of Illinois elected to intervene in the civil action.

The United States and the State of Illinois entered into the settlement agreement today with ABS Long-Term Care Management Company, Inc.; MBA-LTC, Inc., an affiliated corporation; corporate officers Samuel Brandman, Joseph Brandman, and David Abell; and MBA employee David Brand (collectively “ABS”). The \$1.61 million settlement is the second largest nationwide in which the Government maintained that care was so inadequate and grossly inappropriate that it

was essentially a failure of care for the patients residing at the nursing home. Incorporated in the settlement agreement is a Corporate Integrity Agreement (“CIA”) between ABS and the Office of the Inspector General, United States Department of Health and Human Services (“OIG”).

The United States and the State of Illinois allege that between October 1998, and June 30, 2000, there were over 190 elopements by residents from the nursing home and over 200 instances of patient assaults and abuse, including numerous instances of patient fights and attacks on other patients. In one alleged instance which went unreported to authorities, a handicapped patient was subjected to a pattern of ongoing physical abuse culminating in rape. The United States and the State of Illinois further allege that Maxwell Manor’s patients were made to live in unsafe, unsanitary, dangerous and hazardous conditions which included collapsed and bulging ceilings, crumbling, moldy walls, insects and rodents, defective and exposed wiring, and floors that had cracks and holes. The patients routinely wore ill-fitting, dirty, and foul-smelling clothing and, in certain instances, patients not possessing belts were given ropes to hold up their pants. It is further alleged that conditions existing at the facility were concealed during federal and State surveys. Practices included falsifying patient charts, creating false patient treatment plans, misrepresenting plans of correction, closing off problem areas by nailing doors shut, "misplacing" files, supplying new linens and other supplies if a survey team would be in the building, and failing to report patient accidents, abuse and assaults.

The CIA between ABS and OIG is directed to the operation of other nursing homes which ABS either own or manage. Included in the CIA is a requirement that ABS must, at their own expense, retain an independent monitor appointed by the OIG to ensure that each patient in ABS’ nursing facilities receives appropriate care.

With the civil settlement, the owners of Maxwell Manor, National Voluntary Health Facility

No.4 and Efroim Stein, remain defendants in the Medicaid fraud suit.

The civil suit is being handled by AUSA Michele M. Fox and Assistant A.G. Robert Barba.